GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

UNSTARRED QUESTION NO:2727
ANSWERED ON:19.03.2007
FORWARD TRADING IN BULLION
Gaikwad Shri Eknath Mahadeo;Mane Smt. Nivedita;Singh Shri Kirti Vardhan

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether forward trading in bullion has caused steep and frequent rise in the bullion prices;

(b) if so, the details thereof;

(c) whether bullion merchant association has represented for banning the forward trade in the bullion; and

(d) if so, the reaction of the Government thereto?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI TASLIMUDDIN)

(a) & (b): The bullion prices are determined by the domestic demand and supply fundamentals alongwith the prevailing international prices. The movement of bullion prices in India is broadly in synchronization with the international prices.

(c) : Yes sir. There have been representations from some bullion merchant associations.

(d) : Futures markets are only a platform for price discovery and price risk management. Forward Markets Commission, which is the commodity futures market Regulator under the provisions of the Forward Contracts (Regulation) Act, 1952, ensures that futures prices are true reflection of supply and demand conditions. Therefore, no action was warranted by the Government.